

of the departments of commercial operations and of control at Zurich and the director of the department of note issue at Berne.

The National Bank has unlimited power of note issue so far as amount is concerned*; but the provisions for the security held against it are exacting. There must be a reserve of forty per cent, in Swiss metallic money or foreign gold. The remainder of the security must be in domestic or foreign bills of exchange; but it is especially provided that all the demand obligations of the bank must be covered by paper of short maturities and that the paper foiling within this definition is that which falls due or is collectible within ten days.⁹ Notes must be redeemed at par at all offices of the bank and are accepted at par at government offices, but can be made legal tender between individuals only in case of necessity in time of war. The minimum denomination of notes is fifty francs (\$9.65). An earnest effort was made in committee to fix the minimum at twenty francs, but was defeated upon the ground that it was desirable to encourage the circulation of coin.

The law of 1881 had provided against the perpetuation of vested right in the power of note issue by prescribing that the grant of the power should create no right to indemnity in case it should be withdrawn. The new draft of Article 39 of the Constitution, however, adopted in 1891, provided that the profits of the proposed central bank, after the deduction of an equitable interest on the capital, should go in the proportion of at least two-thirds to the cantons. It was these provisions which guided the distribution of the earnings of the National Bank under the new law. Ten per cent, of net profits, but not exceeding 500,000 francs, is first set aside for the reserve fund ; a dividend of four per cent, is allotted to capital; then an allowance is made to the cantons, based upon the circulation of the old local banks and upon popula-

¹ It was proposed in committee to impose a tax of five per cent, on issues above a certain limit, as under the German system ; but this was rejected by a large majority.—Bouchmil, 202.

² Article 21, *Bulletin de Statistique*, November, 1905, LVIII., 582.